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## BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

Arizona Corporation Commission

DOCKETED

APR 28 2010

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In the matter of

RICHARD MILES DORMAN and  
REBECCA DORMAN, husband and wife,

MICHAEL VINCENT RING and KELLY  
RING, husband and wife,

ELYSIUM CAPITAL GROUP, L.L.C., a  
Nevada limited liability company,

Respondents.

DOCKET NO. S-20702A-09-0460

DECISION NO. 71681

**ORDER TO CEASE AND DESIST, ORDER  
FOR RESTITUTION, ORDER FOR  
ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME  
BY: RESPONDENTS RICHARD MILES  
DORMAN, REBECCA DORMAN AND  
ELYSIUM CAPITAL GROUP, L.L.C.**

Respondents RICHARD MILES DORMAN, REBECCA DORMAN and ELYSIUM CAPITAL GROUP, L.L.C. ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

**I. FINDINGS OF FACT**

1. At all times material hereto, Respondents RICHARD MILES DORMAN ("DORMAN") and ELYSIUM CAPITAL GROUP, L.L.C. conducted business, including the offer and sale of securities, from a home and/or office located in Maricopa County, Arizona.

1           2.       At all time material hereto, DORMAN was married to REBECCA DORMAN. All  
2 action taken by DORMAN was in furtherance of and for the benefit of the marital community of  
3 DORMAN and REBECCA DORMAN. REBECCA DORMAN therefore is joined in this action,  
4 pursuant to A.R.S. §44-2031(C), to determine the liability of the marital community for the  
5 violations alleged herein.

6           3.       REBECCA DORMAN may be referred to as "Respondent Spouse."

7           4.       ELYSIUM CAPITAL GROUP, L.L.C. ("ELYSIUM"), a Nevada limited liability  
8 company, was formed on or about August 28, 2008. The articles of organization for ELYSIUM  
9 identify DORMAN and MICHAEL VINCENT RING ("RING") as managers.

10          5.       After the formation of ELYSIUM on August 28, 2008, DORMAN, through  
11 ELYSIUM, continued to offer and sell securities from Arizona in the form of investment contracts.

12          6.       DORMAN offered and sold securities from Arizona in the form of investment  
13 contracts to an investment group consisting of eight investors in an amount totaling \$356,056.

14          7.       DORMAN received compensation in the form of sales commissions from his sale of  
15 securities in an amount totaling \$66,430.

16          8.       At all times material hereto, Respondents DORMAN and ELYSIUM have not been  
17 registered as dealers or securities salesman.

18          9.       Prior to forming ELYSIUM, DORMAN worked as a manager in the mortgage loan  
19 industry and employed RING as a loan officer.

20          10.       Prior to forming ELYSIUM, DORMAN solicited potential investors through  
21 advertisements placed on an internet website known as Craig's List.

22          11.       On or about July 22, 2008, a prospective investor, on behalf of a group of investors,  
23 responded to the Craig's List ad seeking information on the investment opportunity offered through  
24 the ad.

1           12.    On July 30, 2008, four representatives from the group of investors who had  
2 responded to the Craig's List ad traveled to Arizona to meet with DORMAN and RING to discuss  
3 an investment opportunity involving leased bank guarantees.

4           13.    On August 20, 2008, DORMAN and RING flew to Southern California to meet  
5 with a group of approximately twenty potential investors, some of whom were affiliated with the  
6 group who had responded to the Craig's List ad. The purpose of the meeting was to allow  
7 DORMAN and RING to present the investment opportunity involving leased bank guarantees to  
8 the group of prospective investors.

9           14.    Leased bank guarantees are bank guarantees that are leased to a third party for a fee.  
10 The issuing bank conducts due diligence on the creditworthiness of the customer looking to secure  
11 a bank guarantee, then leases the guarantee to that customer for a certain amount of money over a  
12 specified timeframe. The issuing bank then sends the guarantee to the borrower's main bank, and  
13 the issuing bank then becomes a backer for the debts incurred by the borrower, up to the  
14 guaranteed amount. There are a number of worldwide banks that lease bank guarantees, usually  
15 involving a minimum amount of \$5 million and, in some instances, exceeding \$10 billion.

16           15.    On September 2, 2008, based upon the instructions received from DORMAN and  
17 RING, investors wired \$356,056 into an escrow account set up with an escrow company based in  
18 Arizona.

19           16.    DORMAN and RING informed investors that once the funds were received in the  
20 escrow account, they would be wired to a bank in Spain that would then use the funds to purchase a  
21 leased bank guarantee from a nationally chartered bank known worldwide and based in the United  
22 Kingdom.

23           17.    DORMAN and RING informed investors that the amount invested (\$356,056)  
24 would purchase a \$200,000,000 bank guarantee that would result in a total payout to investors of  
25 \$109,970,500 within one year from the date of the investment.  
26

1           18. Pursuant to the fee agreement ("agreement") investors executed with ELYSIUM,  
2 the fee to be paid to DORMAN and RING was six percent (6%) of the instrument amount  
3 (\$200,000,000).

4           19. In exchange for the fee to be received, RING and DORMAN agreed to complete the  
5 compliance package and other necessary documentation required to initiate the leased bank  
6 guarantee investment.

7           20. Pursuant to the escrow instructions established by DORMAN and RING in  
8 connection with the escrow account that was opened to receive investor funds, DORMAN and  
9 RING were the only individuals authorized to disburse funds from the escrow account.

10          21. From investor funds wired into the escrow account and without the authorization of  
11 investors, DORMAN initiated escrow instructions to transfer \$66,430 DORMAN and \$64,100 to  
12 RING.

13          22. The funds transferred to DORMAN and RING were for their own personal use and  
14 benefit.

15          23. DORMAN and RING failed to inform investors that some of their investment funds  
16 had not been invested as promised and instead had been used for the personal use and benefit of  
17 DORMAN and RING.

18          24. DORMAN continued to misrepresent to investors as late as December 2008 that all  
19 of the investors' funds had been wired out of the escrow account to a bank responsible for issuing  
20 the leased bank guarantee for the benefit of investors.

21          25. DORMAN misrepresented to several investors that he and RING had invested their  
22 own funds in the leased bank guarantee program.

## 23                                   **II. CONCLUSIONS OF LAW**

24          1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
25 Arizona Constitution and the Securities Act.  
26

2. Respondents DORMAN and ELYSIUM offered and sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents DORMAN and ELYSIUM violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents DORMAN and ELYSIUM violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. Respondents DORMAN and ELYSIUM violated A.R.S. § 44-1991 by:

a) failing to inform investors that their investment funds had not been invested as promised and instead had been used for DORMAN and RING's own personal use and benefit without the authorization of investors;

b) misrepresenting to several investors that DORMAN and RING had invested their own funds in the leased bank guarantee program;

6. The conduct of Respondents DORMAN and ELYSIUM is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. The conduct of Respondent DORMAN and ELYSIUM is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. The conduct of Respondent DORMAN is grounds for administrative penalties under A.R.S. § 44-2036.

9. Respondent DORMAN acted for the benefit of his marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this Order of restitution and administrative penalties is a debt of the community.

### **III. ORDER**

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

1 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents DORMAN and  
2 ELYSIUM, and any of his agents, employees, successors and assigns, permanently cease and  
3 desist from violating the Securities Act.

4 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry  
5 of Order.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents DORMAN,  
7 ELYSIUM and the marital community of DORMAN and REBECCA DORMAN, jointly and  
8 severally shall pay restitution to the Commission in the principal amount of \$66,430. Any  
9 principal amount outstanding shall accrue interest at the rate of 10 percent per annum from the date  
10 of this Order until paid in full. Payment shall be made in full on the date of this Order. Payment  
11 shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by  
12 the Commission.

13 The Commission shall disburse the funds on a pro-rata basis to investors shown on the  
14 records of the Commission. Any restitution funds that the Commission cannot disburse because an  
15 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an  
16 investor because the investor is deceased and the Commission cannot reasonably identify and  
17 locate the deceased investor's spouse or natural children surviving at the time of the distribution,  
18 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the  
19 Commission. Any funds that the Commission determines it is unable to or cannot feasibly  
20 disburse shall be transferred to the general fund of the state of Arizona.

21 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents DORMAN,  
22 ELYSIUM and the marital community of Respondents DORMAN and REBECCA DORMAN,  
23 jointly and severally shall pay an administrative penalty in the amount of \$25,000. Payment shall  
24 be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by  
25 law. The payment obligations for these administrative penalties shall be subordinate to any  
26 restitution obligations ordered herein and shall become immediately due and payable only after

1 restitution payments have been paid in full or upon Respondents' default with respect to  
2 Respondents' restitution obligations.

3 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of  
4 default. *If any Respondent does not comply with this Order, any outstanding balance may be*  
5 *deemed in default and shall be immediately due and payable.*

6 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
7 Commission may bring further legal proceedings against that Respondent, including application to  
8 the superior court for an order of contempt.

9 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
10 Order shall be deemed binding against any Respondent under this Docket Number who has not  
11 consented to the entry of this Order.

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IT IS FURTHER ORDERED that this Order shall become effective immediately.

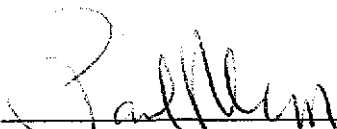
BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN



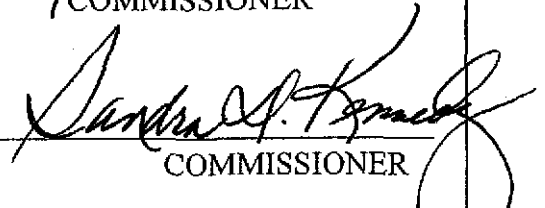
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COMMISSIONER

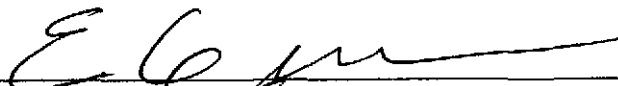


COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this 27<sup>th</sup> day of  
April, 2010.



ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

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### CONSENT TO ENTRY OF ORDER

1. Respondents RICHARD MILES DORMAN ("DORMAN"), REBECCA DORMAN and ELYSIUM CAPITAL GROUP, L.L.C. ("Respondents") admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing to present evidence and call witnesses and they knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. Respondents knowingly and voluntarily waive any right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. Respondents acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. Respondents understand and acknowledge that they have a right to seek counsel regarding this Order, and that Respondents have had the opportunity to seek counsel prior to signing this Order. Respondents acknowledge and agree that, despite the foregoing, Respondents freely and voluntarily waive any and all right to consult or obtain counsel prior to signing this Order.

5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order. Respondents agree that they shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future administrative proceeding before the Commission or any other state agency concerning the denial or issuance of any license or registration required by the state to engage in the practice of any business or profession.

1           6.     By consenting to the entry of this Order, Respondents agree not to take any action  
2 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
3 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
4 factual basis. Respondents will undertake steps necessary to assure that all of their agents and  
5 employees understand and comply with this agreement.

6           7.     While this Order settles this administrative matter between Respondents and the  
7 Commission, Respondents understand that this Order does not preclude the Commission from  
8 instituting other administrative or civil proceedings based on violations that are not addressed by  
9 this Order.

10          8.     Respondents understand that this Order does not preclude the Commission from  
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
12 that may be related to the matters addressed by this Order.

13          9.     Respondents understand that this Order does not preclude any other agency or  
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
15 proceedings that may be related to matters addressed by this Order.

16          10.    Respondents DORMAN and ELYSIUM agree that they will not apply to the state  
17 of Arizona for registration as a securities dealer or salesman or for licensure as an investment  
18 adviser or investment adviser representative until such time as all restitution and penalties under  
19 this Order are paid in full.

20          11.    Respondents DORMAN and ELYSIUM agree that they will not exercise any  
21 control over any entity that offers or sells securities or provides investment advisory services  
22 within or from Arizona until such time as all restitution and penalties under this Order are paid in  
23 full.

24          12.    Respondents DORMAN and ELYSIUM agree that they will not sell any securities  
25 in or from Arizona without being properly registered in Arizona as a dealer or salesman, or exempt  
26 from such registration; Respondents DORMAN and ELYSIUM will not sell any securities in or

1 from Arizona unless the securities are registered in Arizona or exempt from registration; and  
2 Respondent DORMAN will not transact business in Arizona as an investment adviser or an  
3 investment adviser representative unless properly licensed in Arizona or exempt from licensure.

4 13. Respondent DORMAN agrees that he will continue to cooperate with the Securities  
5 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
6 this matter and cooperating with the state of Arizona in any related investigation or any other  
7 matters arising from the activities described in this Order.

8 14. Respondent DORMAN and Respondent DORMAN'S spouse, REBECCA  
9 DORMAN, acknowledge that any restitution or penalties imposed by this Order are obligations of  
10 Respondent DORMAN as well as the marital community.

11 15. Respondents consent to the entry of this Order and agree to be fully bound by its  
12 terms and conditions.

13 16. Respondents acknowledge and understand that if they fail to comply with the  
14 provisions of the order and this consent, the Commission may bring further legal proceedings  
15 against Respondents, including application to the superior court for an order of contempt.

16 17. Respondents understand that default shall render Respondents liable to the  
17 Commission for its costs of collection and interest at the maximum legal rate.

18 18. Respondents agree and understand that if they fail to make any payment as required  
19 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
20 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
21 payment by the Commission is not a waiver of default by Commission.

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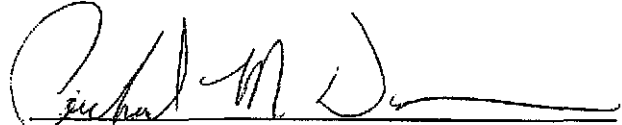
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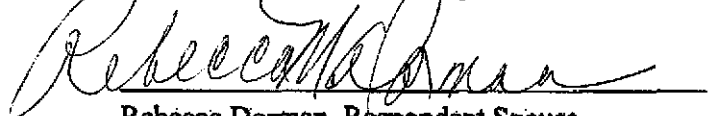
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1 19. RICHARD MILES DORMAN represents that he is a member of ELYSIUM  
2 CAPITAL GROUP, L.L.C. and has been authorized by ELYSIUM CAPITAL GROUP, L.L.C. to  
3 enter into this Order for and on behalf of it.

4  
5 

6 Richard Miles Dorman, Respondent

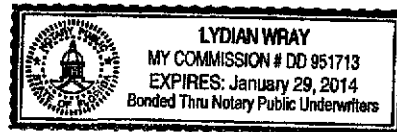
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8 Rebecca Dorman, Respondent Spouse

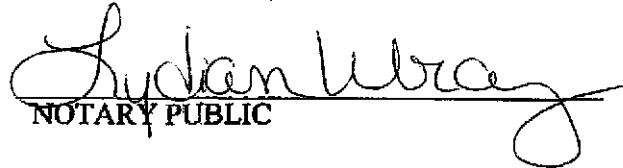
9 STATE OF FLORIDA )

10 County of Bay )

11 ) ss



12 SUBSCRIBED AND SWORN TO BEFORE me this 30<sup>th</sup> day of March, 2010.

13   
14 NOTARY PUBLIC

15 My commission expires:

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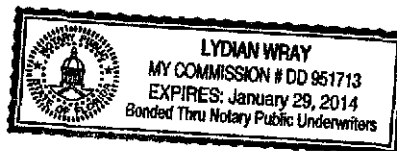
Elysium Capital Group, L.L.C.

*Richard M. Dorman*  
By Richard Miles Dorman, Member

STATE OF FLORIDA )

County of )

) ss



SUBSCRIBED AND SWORN TO BEFORE me this 30<sup>th</sup> day of March, 2010.

*Lydian Wray*  
NOTARY PUBLIC

My commission expires:

1-29-14

SERVICE LIST FOR: Richard Miles Dorman, Michael Vincent Ring and Elysium Capital  
Group, L.L.C.

Name and Address:

Mr. Steve T. Skivington, Esq.  
THE LAW OFFICE OF STEVE T. SKIVINGTON  
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Mr. Richard M. Dorman  
Mrs. Rebecca Dorman  
245 Lullwater Drive  
Panama City Beach, FL 32413